

Forgiving late fees


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Bill would let towns cancel interest on taxes

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A group of local lawmakers has lined up behind a legislation that would give cities and towns power to forgive interest on late tax payments.

 **Claremont** State Rep. John Cloutier, D-Claremont, said he plans to introduce a bill that would allow municipal governments to waive some or all of the interest on late payments.

Co-sponsors listed on Cloutier's legislative service request for the law, which has not yet been made a bill, include Claremont state representatives Larry Converse and Tom Donovan, both Democrats, and state Sen. Peter Burling, D-Cornish.

State Sen. Bob Odell, R-Lempster, also has signed on to the LSR, but said Wednesday he has not yet decided whether to remain a co-sponsor when it is finalized this Friday.

Cloutier said the legislation arose out of the recent tax turmoil in Claremont, where new assessments last fall drove tax bills on single family homes up by an average of \$432 to \$900.

Yet he said state law did not give the council much leeway to help taxpayers who could not come up with that money by Dec. 1, when taxes were due, after which a penalty of 12 percent interest per annum kicks in. That number jumps to 18 percent once a lien is placed on the property.

"It was brought to my attention that if people are having trouble paying their taxes on time, the city did not have the authority to waive the late payment fee," Cloutier said.

According to RSA 76:13, a city council or board of selectmen can authorize a tax collector to waive just \$25 worth of late penalties "if in the collector's judgment the administrative and collection costs involved do not warrant collection of the amount due."

Another section of the code allows interest to be waived on "any taxes abated ...on the grounds of poverty or hardship and the inability to pay."

But Mayor Scott Pope said that the state agencies and municipal government organizations that he contacted about how to apply those laws were so divided on the matter that, in the end, neither option was pursued.

"I had thought we could do it (waive interest) on RSA but there were so many conflicting opinions and conflicting measures that it just didn't happen, unfortunately," Pope said.

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"It's one of my great disappointments."

The mayor said that if the council had a tool like the one Cloutier is proposing, it would have allowed it to offer a little relief to those shocked by the bigger tax bills.

"That's the tool that might help you keep someone from falling through the cracks," he said.

For Cloutier, the legislation is more about putting power over the interest payments back into the hands of those who collect and spend it.

"It's simply local control," he said. "If people cannot pay taxes on time, local governments ought to be able to decide whether or not they want to waive the penalty."

It is a decision, though, that that could have financial conse-

quences for more than individual taxpayers. In 2006 alone, Claremont collected almost \$178,000 in late payment penalties and nearby Newport collected \$88,000, according to city finance director Mary Walter and Newport Finance Director Paul Brown.

Both Walter and Brown said those dollars go toward general fund expenses and would have to be made up — either through the tax rate or by cutting the budget — if no longer available.

But that is a choice that

Cloutier said rightly belongs in council or select board chambers, not in Concord.

"That's a judgment call on the city's part," Cloutier said. "If they waive the fees, obviously they waive the revenue. Citizens have to understand that if the penalties are raised, the city may lose some revenue that they may have to make up in the future."

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